

~~SECRET/NF~~

ENVELOPE

(b)(3):10 USC 424

HEADER

P
090454Z MAR 90
FM JOINT STAFF WASHINGTON DC
INFO RUEALGX/SAFE

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082219Z MAR 90
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(b)(3):10 USC 42

(b)(3):10 USC 424;(b)
(3):50 USC 3024(i)

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CONTROLS

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(b)(3):10 USC 424;(b)(3):50 USC 3024

SERIAL: DIADIN 067-17A

BODY

SUBJ: SOUTH AFRICA: EXPROPRIATION OF CAPITAL ISSUE. ~~(C/NF)~~
DOI: 8 MAR 90 (AS OF 1625 EST)
TEXT: 1. ~~(C)~~ STATEMENTS BY AFRICAN NATIONAL CONGRESS
(ANC) LEADER
NELSON MANDELA SUPPORTING THE NATIONALIZATION OF THE ECONOMY HAVE
STRUCK A DISCORDANT NOTE IN THE BUSINESS COMMUNITY.
2. ~~(C)~~ BEFORE HIS RELEASE FROM PRISON ON 11 FEBRUARY, MANDELA WAS
QUOTED AS CALLING FOR THE NATIONALIZATION OF INDUSTRY, BANKS, AND
MINES IN SOUTH AFRICA. SINCE THEN HE HAS EXPLAINED THAT A FUTURE

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GOVERNMENT IN PRETORIA WILL HAVE TO ADDRESS THE WIDE DISPARITY IN WEALTH AND ECONOMIC OPPORTUNITY THAT NOW EXISTS. HE AND OTHER SPOKESPERSONS FOR THE ANC HAVE INSISTED THAT THE ECONOMY WILL REMAIN

ORIENTED TOWARD FREE ENTERPRISE BUT THAT CERTAIN SECTORS OF THE ECONOMY WILL BE NATIONALIZED.

3. ~~(C/NF)~~ THABO MBEKI, A MEMBER OF THE ANC'S RULING COUNCIL, SAID THAT THE GROUP'S OBJECTIVE IS TO IMPROVE THE QUALITY OF LIFE FOR THE

COUNTRY'S MAJORITY. HE SAID THAT THE METHODS FOR ACCOMPLISHING THIS

GOAL HAVE NOT BEEN DETERMINED BUT THAT THE CONCENTRATION OF WEALTH IN A FEW WHITE HANDS WOULD NOT BE MAINTAINED. MBEKI TOLD US OFFICIALS IN ZAMBIA THAT WHILE SOCIALISM MAY HAVE FAILED IN OTHER COUNTRIES, CAPITALISM HAD FAILED IN SOUTH AFRICA.

4. ~~(C)~~ WHITE SOUTH AFRICANS HAVE REACTED UNFAVORABLY TO THE POSSIBILITY THAT A MAJORITY BLACK GOVERNMENT WOULD CONTROL THE ECONOMY, DESPITE THE WHITE MINORITY GOVERNMENT'S OWN EXTENSIVE INVOLVEMENT IN THE ECONOMY. PRETORIA HAS RECENTLY BEEN MOVING TO PRIVATIZE MANY STATE-OWNED INDUSTRIES, AND MINISTER OF FINANCE DU PLESSIS EQUATED NATIONALIZATION WITH THEFT.

5. ~~(C)~~ THE FUROR OVER NATIONALIZATION HAS ALSO SPARKED INTEREST IN EXAMINING WHAT TYPE OF ECONOMIC SYSTEM SOUTH AFRICA WILL NEED POSTAPARTHEID. MANY PEOPLE INCREASINGLY RECOGNIZE THE NEED TO CREATE WEALTH TO FINANCE THE SOCIAL IMPROVEMENTS THAT WILL BE DEMANDED BY THE BLACK MAJORITY. ONE SOLUTION THAT IS BEING ENDORSED

IS TO TRY TO ESTABLISH A EUROPEAN SOCIAL DEMOCRATIC SYSTEM WITH GREATER PARTICIPATION BY THE BLACK MAJORITY IN THE ECONOMY, WHILE RETAINING A FREE MARKET ORIENTATION.

6. ~~(C)~~ COMMENT: ONE OF THE DANGERS OF THIS DEBATE ON NATIONALIZATION IS THAT IT WILL HEIGHTEN THE CONCERNS OF POTENTIAL INVESTORS AND INCREASE THE FLIGHT OF CAPITAL FROM SOUTH AFRICA. THE

COUNTRY HAS THE MOST DEVELOPED ECONOMIC INFRASTRUCTURE IN AFRICA AND

IS POSSIBLY THE MOST CAPITAL INTENSIVE. WITHOUT FOREIGN INVESTMENT AND A TRAINED CADRE OF MANAGERS AND TECHNICIANS, THE MINES AND INDUSTRY WILL QUICKLY BECOME INEFFICIENT AND NONCOMPETITIVE.

7. ~~(C)~~ THE ECONOMIC AND SOCIAL PROBLEMS FACING SOUTH AFRICA ARE ENORMOUS, BUT THEY WILL ONLY BE WORSENERD BY FEARS THAT FAILED SOCIALIST SOLUTIONS WILL BE IMPOSED ON THE SOCIETY. THE DEBATE IS JUST BEGINNING, HOWEVER, AND WHEN A MAJORITY GOVERNMENT DOES COME TO

POWER, IT IS LIKELY TO REVISE ITS IDEOLOGY IN FAVOR OF MORE PRAGMATIC POLICIES, AS WAS THE CASE IN ZIMBABWE.

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